

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 EB-08 COME-00 TRSE-00 OMB-01 ABF-01

AID-05 CIAE-00 INR-10 NSAE-00 DODE-00 SSO-00

NSCE-00 INRE-00 XMB-02 FRB-03 /045 W

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O 072318Z SEP 78

FM AMEMBASSY LIMA

TO SECSTATE WASHDC IMMEDIATE 1748

C O N F I D E N T I A L SECTION 1 OF 2 LIMA 7956

E.O. 11652: GDS

TAGS: EFIN PE

SUBJ: GOP DEBT RESCHEDULING

REF: LIMA 7547

1. SUMMARY. ECON MINISTRY GAVE US FIGURES ON U.S. OFFICIAL DEBT DUE IN 1978-80, WHICH WE UNDERSTAND ARE ALSO BEING DISCUSSED IN WASHINGTON. FIGURES WERE ALSO GIVEN FOR OTHER CREDITOR COUNTRIES. A TWO YEAR RESCHEDULING IS ANTICIPATED, WITH 1979-80 DEBT REPAYED BEGINNING IN 1982. THE GOP IS ALSO HOPING TO RESCHEDULE \$260 MILLION OUT OF \$350 MILLION IN PRINCIPAL ON MEDIUM TERM DEBT FALLING DUE TO PRIVATE BANKS IN 1979, AS WELL AS \$200 MILLION IN PETROLEUM RELATED SHORT TERM DEBT. END SUMMARY.

2. FINANCE MINISTER SILVA RUETE TRANSMITTED TO THE AMBASSADOR GOP CALCULATIONS ON AMORTIZATION OF OFFICIAL U.S. DEBT COMING DUE 1978-80. SUMMARY FIGURES ARE: 1978, 47.8 MILLION DOLLARS TOTAL (OF WHICH CCC 30.8, AID 2.7, EXIM 1.6); 1979, 60.3 MILLION DOLLARS TOTAL (OF WHICH CCC 34.8, AID 4.4, EXIM 2.9); 1980, 50.3 MILLION DOLLARS TOTAL (OF WHICH CCC 40.6, AID 4.5, EXIM 2.6).

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3. IN FOLLOW-UP CALL BY DCM AND ECOM/COUNS ON FERNANDO REUS, DIRECTOR OF PUBLIC CREDIT, REUS EXPLAINED THAT THESE FIGURES ARE FOR PRINCIPAL ONLY, AND THE FIGURES FOR 79 AND 80 WILL FORM THE BASIS FOR THE PARIS CLUB RENEGOTIATION IN OCTOBER. HE SAID THAT ALTHOUGH ALL OFFICIAL CREDITS ARE INCLUDED IN THESE

FIGURES, THIS DOES NOT RPT NOT NECESSARILY MEAN THAT
ALL OF THIS DEBT WOULD BE SUBJECT TO RESCHEDULING.

4. REUS NOTED THAT GOP REPRESENTATIVES ARE DISCUSSING
THESE FIGURES IN WASHINGTON WITH THE U.S. TREASURY THIS
WEEK TO TRY TO ARRIVE AT A COMMON SET OF NUMBERS. WHEN
WE NOTED THAT THE GOP PROJECTIONS FOR 79 AND 80 WERE LOWER
THAN PRELIMINARY U.S. CALCULATIONS, PARTICULARLY FOR
CC, REUS EXPLAINED THAT THE GOP FIGURES DO NOT APPEAR
TO INCLUDE CCC CREDITS CONTRACTED THIS YEAR (HE PROMISED

TO CHECK INTO THIS). IT ALSO APPEARS THAT EXIM
GUARANTEES ARE NOT INCLUDED UNDER EGCE

THESE SAME
FIGURES ARE PRESUMABLY BEING COMPARED IN DETAIL IN

WASHINGTON, WE DID NOT GO THROUGH THE BACK-UP SHEETS
ITEM BY ITEM WITH REUS, BUT WE CAN FOLLOW-UP HERE
WITH ANY SPECIFIC QUESTIONS THAT MIGHT ARISE IN THE
WASHINGTON TALKS.

5. WE ASKED ABOUT THE CORRESPONDING MAGNITUDES FOR
OTHER COUNTRIES, BASED ON THE GLOBAL TOTALS OF
\$270 MILLION AND \$285 FOR 1979 AND 1980 TRANSMITTED
EARLIER (SEE REFTEL, ALTHOUGH YEARS 78 AND 79 IN
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THE SILVA LETTER SHOULD READ 79 AND 80). REUS
GAVE US THE FOLLOWING (IN \$ MILLIONS):

	79	80
JAPAN	54.5	55.9
FRG	7.2	18.3
CANADA	19.8	10.8
FRANCE	23.7	41.7
UK	10.7	11.8
NETHERLANDS	13.9	13.9
ITALY	50.9	49.9
SPAIN	2.3	2.9
FINLAND	3.5	3.5
SWEDEN	3.8	7.2

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TO SECSTATE WASHDC IMMEDIATE 1749

C O N F I D E N T I A L SECTION 2 OF 2 LIMA 7956

SWITZERLAND 5.6 5.4

NORWAY 4.1 3.2

AUSTRIA 1.8 1.8

BELGIUM 0.7 0.4

ISRAEL 4.7 4.7

NEW ZELAND 1.6 1.4

SOUTH AFRICA 0 1.6

6. REUS STATED THAT THE LARGE FIGURES FOR JAPAN INCLUDE PAYMENTS ON THE \$300 MILLION OIL PIPELINE PROJECT AND THE ITALIAN FIGURES ARE LARGELY RELATED TO THE ELECTRIC POWER PROJECT AT MANTARO. HE NOTED THAT NO FURTHER RESCHEDULING WITH THE SOVIETS WAS ANTICIPATED SINCE THE EARLIER ACCORD COVERED 1978-80.

7. AS FOR OTHER ASPECTS OF THE DEBT RESTRUCTURING, REUS SAID THAT THE INTENTION WAS A TWO-YEAR RESCHEDULING FOR 1979 AND 1980, WITH REPAYMENTS BEGINNING IN 1982 (SINCE 1981 WAS ALREADY FAIRLY HEAVILY ENCUMBERED). HE SIA DHERE ARE TRO PRECEDENTS FOR PERU FOR A TWO YEAR OFFICIAL DEBT RESCHEDULING, THE 1969 BRUSSELS AGREEMENT AND THE
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1971 PARIS CLUB RESCHEDULING (ALTHOUGH THE US WAS NOT PARTY TO EITHER). AS FOR PRIVATE DEBT IN 1979, REUS STATED THAT IN ADDITION TO CONVERTING THE \$185 MILLION ROLLOVER PACKAGE FOR 1978 (COMING DUE ON JANUARY 3, 1978) INTO A MEDIUM TERM REPAYMENT, THE GOP WANTS TO RESCHEDULE \$260 MILLION OF PRIVATE MEDIUM TERM DEBT COMING DUE IN 1979 (OUT OF A TOTAL OF \$350 MILLION IN PRINIPAL ON

MEDIUM TERM DEBT). THERE IS AN ADDITIONAL QUESTION OF \$400 MILLION OF SHORT TERM CREDIT OWED BY PETROPERU (HALF BY THE BANCO DE LA NACION), AND THE GOP WOULD LIKE TO RESCHEDULE ABOUT HALF OF THIS. IN PARTICULAR THIS INCLUDES \$90 MILLION OF PETROLEUM RELATED CREDIT FROM VENEZUELA AND \$62 MILLION FROM ECUADOR.

8. WHEN ASKED ABOUT THE FINANCIAL EFFECTS OF THE RECENT MINING STRIKE, REUS SAID THE CALCULATIONS ARE DIFFICULT

TO MAKE, BUT THAT THE \$60 MILLION FIGURE MENTIONED BY MOREYRA WAS A ROUGH MAGNITUDE. THIS IMPACT WOULD ONLY START BEING FELT IN NOVEMBER, SO THE GOP SHOULD STILL MEET THE NOVEMBER 15 PAYMENTS TARGET; HOWEVER, SOME ADJUSTMENTS IN THE FUND TARGETS WOULD LIKELY HAVE TO BE MADE LATER WHEN THE FULL IMPACT OF THE STRIKE IS FELT.

9. WITH RESPECT TO NEW CREDITS IN 1979 FOR AGRICULTURAL IMPORTS, REUS SAID THE GOP IS ANTICIPATING THE MOST FAVORABLE BLEND OF PL 480 AND CCC CREDITS FROM THE US;

HOWEVER, HE EXPECTED AT LEAST \$60 MILLION OF CCC, AND PROBABLY

MORE, WOULD BE NEEDED.

10. THE TEAM OF SILVA RUETE, MOREYRA, MENESES (PRESIDENT CONFIDENTIAL

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OF THE BANCO DE LA NACION) AND REUS WOULD BE IN WASHINGTON ON SEPTEMBER 23. MENESES WILL LEAVE EARLY TO MEET WITH THE INTERNATIONAL STEERING COMMITTEE OF PRIVATE BANKS IN NEW YORK ON SEPTEMBER 21. MOREYRA WILL LEAVE EARLY TO ATTEND SOME KIND OF MEETING IN ACAPULCO. THE PARIS

CLUB MEETING IS NOW ANTICIPATED TO START THE LAST WEEK IN OCTOBER. SILVA RUETE IS EXPECTED TO BE PRESENT IN PARIS BUT NOT PARTICIPATE IN WORKING SESSIONS.
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Status: NATIVE
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TAGS: EFIN, PE
To: STATE
Type: TE
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